

Rx DISCOUNT CARDS OFFER FALSE PROMISES AND LITTLE OR NO DISCOUNTS TO AMERICAN SENIORS

The Bush Administration has been advocating a prescription drug discount card program for the past two years, but their efforts to implement the program administratively have been blocked by a federal district court ruling. Under the proposal, drug discount cards would be available until the Medicare drug benefit takes effect in 2006. But they will not provide much help to most seniors who are struggling with the high cost of prescription drugs.

- **Drug discount cards are already available to seniors.** Pharmacy benefit managers (PBMs) and other entities already offer a wide array of drug discount cards. Most Medicare beneficiaries without drug coverage have access to these existing drug cards. The Medicare conference proposal would not create a new discount card administered by Medicare, but would merely establish criteria to allow Medicare to “endorse” private discount cards.
- **Drug discount cards fail to provide substantial savings.** A General Accounting Office analysis of existing discounts cards found that prescription cards provide a discount of only about 10 percent off of retail. [GAO, 12/01]. Seniors can often find similar or even greater savings without a discount card by comparison shopping at local pharmacies, through other sources like internet pharmacies, or by using their “senior” discount.
- **No guarantee of a minimum amount of savings.** The amount of the discount can vary from drug to drug and from discount card to discount card. Discounts also may be available only at certain pharmacies. The final plan strips out a bipartisan proposal to require that these cards provide at least a minimum level of savings.
- **The drug discount card program could actually limit access to discounts.** Under the Medicare conference proposal, seniors would only be able to sign up for one discount card during a year. Today, there is no such restriction, and seniors may sign up for multiple cards in order to maximize savings.
- **Locks seniors into a card, but doesn’t lock in card prices.** Beneficiaries would only be able to switch cards once between 2004 and 2006. However, discount cards would not be required to maintain the prices advertised to beneficiaries upon enrollment. Card sponsors are free to increase prices at any time or to stop offering discounts on advertised drugs. Beneficiaries would be subject to bait-and-switch tactics – they would be required to stay with a card that no longer offered discounts on the drugs they need.